

97-84254-4

National Economy League

Brief in support of the
petition of May 4, 1932

[New York?]

[1932]

97-84254-4

MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

308 National economy league. New York.
Z
Box 370 Brief in support of the petition of May 4, 1932,
to the President and the Congress for the elimina-
tion of expenditures of \$450,000,000 per annum
for veterans of the Spanish-American and World wars
not in fact suffering from disabilities incurred in
service. 1932.
13 p. 38 cm.

Another copy in Business Library. 1932.

UP COPY

RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mmREDUCTION RATIO: 9:1IMAGE PLACEMENT: IA IIA IB IIBDATE FILMED: 11-20-97INITIALS: PB

TRACKING # :

28992

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

308

Z

Box 370

THE NATIONAL ECONOMY LEAGUE

BRIEF IN SUPPORT OF THE PETITION OF MAY 4, 1932
TO THE PRESIDENT AND THE CONGRESS FOR THE
ELIMINATION OF EXPENDITURES OF \$450,000,000.
PER ANNUM FOR VETERANS OF THE
SPANISH-AMERICAN AND WORLD WARS
NOT IN FACT SUFFERING FROM DISA-
BILITIES INCURRED IN SERVICE

MAY 31, 1932

"MILLIONS FOR THE WAR DISABLED AND NOT
ONE CENT FOR POLITICAL PENSIONS"

HEC Mar. 31, 1932

THE NATIONAL ECONOMY LEAGUE

ARCHIBALD B. ROOSEVELT, SECRETARY
1 PERSHING SQUARE
NEW YORK CITY

[Form of letter to the President and the Members of the Senate and House of Representatives, transmitting the attached Brief.]

MAY 31, 1932.

SIR:

As Secretary of the National Economy League (earlier called the National Economy Committee), I send herewith a Brief supporting the "Petition for a Redress of Grievances" presented to the President and the Congress on May 5, 1932.

This document is directed to showing that not less than \$450,000,000 of the \$928,387,795 appropriation for veterans contained in the Independent Offices Appropriation Bill (passed by the House of Representatives on April 9, 1932) is to or for veterans who in fact suffered no disabilities in war service.

The conclusion to be drawn from this document is that great Federal economies, running into hundreds of millions and urgently necessary in the interest of the whole people, can be made in this appropriation with full justice to all veterans suffering in fact from war service disabilities and without impairing any essential function of the Government.

I beg to inform you that the aforesaid Petition of May 4, 1932, has met with a nation-wide response and is daily being signed by thousands of citizens without regard to party or differences of opinion on any other issue.

We bespeak your earnest consideration of this Brief and of the Petition.

Very respectfully yours,
ARCHIBALD B. ROOSEVELT, Secretary,
The National Economy League.

THE NATIONAL ECONOMY LEAGUE
1 PERSHING SQUARE
NEW YORK CITY

Brief in Support of the Petition of May 4, 1932 to the President and the Congress for the
Elimination of Expenditures for Veterans of the Spanish-American and World
Wars not in Fact Suffering from Disabilities Incurred in Service.

MAY 31, 1932.

The National Economy League is an association of citizens initiated on May 4, 1932. [See Note 1.] At that time a number of citizens—mainly veterans who saw active service in the World War—signed a "Petition For a Redress of Grievances" to the President and the Congress calling for the "abatement of the vast legalized abuse whereby great and increasing amounts of the money of the people are being disbursed to veterans who suffered no disability in war service." This petition was presented to the President and the Congress on May 5, 1932, and is attached hereto as an Appendix. The Petition clearly sets forth that the League does not oppose, but on the contrary advocates, "not merely just but liberal treatment of the dependents of all who lost their lives in war service and for all who suffered disability in war service." But the League earnestly opposes "the payment of the great sums which are being disbursed to or for those who suffered no physical detriment" in war service as "a system which saps the resources of the people and creates a specially favored class receiving a great subsidy from the people at large."

The specific prayer of the Petition is as follows:

"We petition for the elimination of all expenditures for veterans of the World War who did not in fact suffer disability in war service. We petition for a return to the sound policy in which the World War veterans' legislation was first conceived,—just and liberal compensation to the dependents of those who lost their lives in war service and to the veterans who in fact suffered some disability in the war. We petition for the repeal of the later statutes which permit payments for veterans of the World War who, without suffering any physical detriment to themselves, did no more than perform their duty as citizens. We petition for the repeal of the provisions of the Spanish-American pension statutes which permit payments to veterans for disabilities not connected with service in that war. We petition for the reduction of the Federal expenditures by not less than \$450,000,000 annually which these reforms would effect."

The object of this Brief is to analyze the nature of the payments for veterans who in fact suffered no disability in war service and to support the statement that the amount which can be saved by eliminating the expenditures to or for such veterans is not less than the \$450,000,000 annually mentioned in the Petition.

Analysis of \$928,387,795 Appropriation for Veterans Contained in the Independent Offices
Appropriation Bill Passed by the House of Representatives April 9, 1932.

The amount of the total veterans' appropriation as passed by the House (virtually without debate) on April 9, 1932 and now pending in the Senate is \$928,387,795.

We first eliminate from present consideration the sum of \$109,440,422, representing pensions arising out of the Civil War and other wars prior to the Spanish-American War, and pensions for the Regular Military Establishment. (Of the amount thus eliminated \$97,221,482 represents Civil War pensions, \$7,127,032 pensions of the Regular Military Establishment, and the balance of \$5,091,908 is for all wars prior to the Spanish-American War.) With the elimination of this \$109,440,422, the balance arising from the Spanish-American War and the World War is approximately \$819,000,000, of which approximately \$119,000,000 arises from the Spanish-American War and approximately \$700,000,000 from the World War.

Note 1: The name of the organization formed on May 4, 1932—"The National Economy Committee"—has since been changed to "The National Economy League".

I. The Spanish-American War Pensions.

The item for *pensions* in the House bill is \$116,393,447, to which must be added about \$3,000,000 for hospitalization, making the above total of approximately \$119,000,000. The period of hostilities in this war (April 21, 1898 to August 13, 1898) was 114 days. The total number of men in uniform during the period of hostilities was less than 300,000. The numbers killed in action and died of wounds received in action in the Spanish-American War itself were: For the army, 379, and for the navy and marines, 18, a total of 397. The numbers who died from disease and accident in war service (including deaths to December 31, 1898, or four and a half months after termination of hostilities) were: For the army, 5,083, and for the navy and marines, 67, a total of 5,150. Thus the total deaths from all causes in that war (including the period to December 31, 1898) were 5,547. The above pension figures include, however, veterans and widows of veterans of the Philippine Insurrection and the China Relief Expedition,—the official pension figures not being separable. The number of deaths from all causes in the Philippine Insurrection and the China Relief Expedition were approximately 6,450.

Until the Act of Congress of June 5, 1920, the statutes (apart from certain pensions to widows) provided for pensions based on death in or disability resulting from this war (including the Philippine Insurrection and China Relief Expedition). Under those laws the number of pensions, both to dependents of deceased veterans and to veterans classified as having war service connected disabilities, rose at its highest point in 1915 to only 28,912 when the total amount paid was \$3,851,699. (A table showing the progress of these war connected disability pensions through each fiscal year from 1899 to March, 1932, inclusive, is attached hereto as Exhibit "A".) As shown by Exhibit "A", the total number of pensions for war service disabilities had *decreased* by the end of the fiscal year 1920 to 26,754 and the total amount paid to \$3,803,415. [See Note 2.]

By the Act of June 5, 1920, the bars were thrown down and pensions were allowed: (1) to all men, without regard to age, who were in service 90 days or more, suffering from "any mental or physical disability or disabilities of a permanent character, not the result of their own vicious habits",—*irrespective of whether the disability was connected with war service*, and (2) to all veterans in service 90 days or more and over 62 years of age, whether or not suffering from any disability. (A table showing the progress and increase of these pensions to living veterans after the 1920 law and of pensions to widows and orphans, from the end of the fiscal year 1919 to the end of March, 1932, is attached hereto as Exhibit "B".)

Under this new act of 1920 the total number of pensioners forthwith increased to 39,282 in 1921, and then (under the 1920 act and a subsequent act of September 1, 1922) **steadily increased to the present number of 235,463 in May, 1932.** The money amount of the pensions has also, of course, steadily increased,—from \$1,738,444 in 1902 to \$3,971,084 in 1912, to \$11,639,338 in 1922 and to \$112,010,112 (partly estimated) for the year ending June 30, 1932. As above noted a still further increase of over \$4,300,000 is provided for in the House bill for the year ending June 30, 1933,—from \$112,010,112 to \$116,393,447.

Thus both in number and amount these pensions now stand at their highest point to date—over 30 years after the event.

If benefits arising out of the Spanish-American war were restricted (1) to payments to dependents of men who lost their lives in or through war service and (2) to veterans who *in fact* suffered disability in that war, there can be no doubt that the number of pensions would not now exceed 20,000 and the total cost would not exceed \$10,000,000. The proposed expenditure of \$119,000,000, therefore, provides for payment of approximately \$109,000,000, which is *not* for war connected deaths or disabilities.

It is of interest to note that if the system of pensions and benefits now applicable to the Spanish-American War veterans were to be applied to the more than 4,700,000 men who were in service in the World War, it is a fair estimate that before many years the *World War veterans charges alone* would call for more than \$2,500,000,000 per annum.

This pension expense for the Spanish-American War—imposed or increased by the Acts of 1920 and 1922 and *still* increasing from year to year—is both fantastic and unjustified. There is no moral justification for the great bulk of this expense and it is a product of pressure

Note 2: The figure 26,754 for 1920 excludes 3,678 widows, pensioned irrespective of the cause of death of their husbands, under the act of July 16, 1918. The total number of all pensioners—veterans and widows on June 30, 1920 was 30,432.

by a small group and of false sentimentality. The country cannot afford it and it must be checked. The dependents of the men who died in that war and those who *actually* suffered physical detriment from their service in that war should be liberally treated. They can be treated with liberality and still cut off \$109,000,000 from this item. The League's position is that this economy should be made at once and that the law existing before the Act of 1920 should be restored. As aforesaid, the result would be a saving of about \$109,000,000 annually, which forms part of the \$450,000,000 mentioned in the Petition.

II. The World War Veterans' Relief.

The total proposed expenditure for World War veterans in the fiscal year ending June 30, 1933, under the House bill is approximately \$700,000,000. We now examine this proposed expenditure to prove that about \$350,000,000 thereof is for veterans not in fact suffering from war connected disabilities.

(a) Direct Cash Payments to Veterans of the World War.

The largest individual item of this \$700,000,000 consists of "Military and Naval Compensation, \$356,250,000",—to be paid directly in cash to veterans of the World War. Said \$356,250,000 is divided into the following: (1) disability allowances, \$104,277,554 (2) disability compensation \$204,641,848 (3) retirement pay of emergency officers, \$11,046,040 (4) death compensation \$36,284,558.

(1) *Disability Allowances.* This separate item is \$104,277,554 and is for veterans (officially estimated to number 561,863 at June 30, 1933) whose disabilities were incurred, or will be incurred, in civil life *without any relation whatever*—"presumed" or otherwise—to their service in the World War. This expenditure is called for by an amendment to the law, approved July 3, 1930, providing for the direct monthly cash payment to "any honorably discharged ex-service man who entered the service prior to November 11, 1918, and served ninety days or more during the World War, and *who is or may hereafter be suffering from a 25 per centum or more permanent disability, * * ** not the result of his own willful misconduct, which was *not* acquired in the service during the World War, or for which compensation is not payable." (Italics ours.) The amendment further provides that a disability allowance shall not be granted to a veteran who was not exempt from payment of a Federal income tax for the year preceding the filing of application for the allowance. However, once an allowance is granted the law neither requires nor authorizes any investigation in subsequent years to ascertain whether the financial condition of the veteran has changed, so as to require him to pay an income tax.

Up to March 31, 1932—within a period of twenty months since the enactment of this Statute,—811,492 claims had been filed by veterans for allowances thereunder. Of this number 392,759 had been allowed, at a total cash outlay for this twenty months' period of \$83,785,230. *These numbers are day by day increasing.* By June 30, 1933, if this law is not forthwith repealed, 561,863 men (as estimated by the Veterans' Administration) will be receiving cash payments from the Federal Treasury for injuries and illnesses having *avowedly* no connection with war service. Let it be remembered that this is only the beginning. The average age of the veterans of the World War is now 39 and there are about 4,300,000 veterans of the war now living. Most men in their forties and fifties can qualify for at least a 25 per cent disability under a system devoid, as is this system, of any scientific and sound medical basis for its ratings. Unless the present law is repealed it is, therefore, certain that this \$104,000,000 will largely increase from year to year and will reach fantastic heights.

(2) *Disability Compensation.* This separate item is \$204,641,848. It represents cash payments to living veterans for disabilities attributable, in fact or by the presumptions of the statutes, to their war service. Enlisted men and officers to the number of 4,717,663 served in the Army, Navy and Marines during the World War from April 1, 1917 to December 31, 1919. The total deaths during this period were 124,250,—which include deaths for a period of over thirteen months after the Armistice. The numbers killed in action and died of wounds received in action were: For the army, killed 36,694 and died of wounds 13,691, a total of 50,385; for the navy and marines, killed 1,821 and died of wounds 1,072, a total of 2,893,—a total for all services of 53,278. The numbers who died from disease and accident in war service (including deaths to December 31, 1919) were: For the army, 63,724, and for the navy and marines, 7,248, a total of 70,972. This analysis agrees with the total deaths from all causes in the war (including the period to December 31, 1919) as above stated, viz., 124,250. There were 234,879 men

wounded and gassed. Of these, according to the official figures, 14,763, as above noted, died of wounds, 158,585 returned to duty and 51,813 were invalidated to the United States. [See Note 3.]

As above shown the total number of wounded men in the World War was 220,116 (excluding the 14,763 who died of wounds). This total of 220,116 wounded includes, however, a number of duplications, since there were many cases of hospitalization and treatment for wounds during the war in which the wounded men returned to duty and were subsequently wounded a second or even a third time. As above noted, 158,585 of those wounded returned to duty. Yet on March 31, 1932, 325,146 veterans were receiving compensation for disabilities "resulting from, aggravated by, or recurring during the World War". These figures plainly indicate that this "disability compensation" is not restricted to men who *in fact* suffered disability in war service, and that the numbers have been swelled in some other way. The explanation is to be found in certain provisions of the law, whereby a large number of veterans are receiving compensation for disabilities legally "presumed" to be war connected while in fact they have no connection with the war. This calls for a great expenditure which produces inequalities as between those actually disabled in war service and those "presumed" to have been so disabled. In truth, the expenditure for men not in fact disabled from war service is, in some cases, doubtless at the expense of veterans or the dependents of veterans really disabled in the war who are entitled to more liberal treatment than they are now receiving.

The present law provides that for the purpose of determining whether a veteran is entitled to compensation for war connected disability, he "shall be *conclusively held and taken* to have been in sound condition when examined, accepted, and enrolled for service, except as to defects, disorders, or infirmities made of record in any manner by proper authorities of the United States at the time of, or prior to, inception of active service, to the extent to which any such defect, disorder, or infirmity was so made of record." The law further provides that "an ex-service man who is shown to have or, if deceased, to have had, *prior to January 1, 1925,*" more than six years after the Armistice, certain diseases such as neuropsychiatric disease, spinal meningitis and tuberculosis "developing a 10 per centum degree of disability or more * * * shall be *presumed* to have acquired his disability in such service between April 6, 1917, and July 2, 1921, or to have suffered an aggravation of a preexisting" condition of such disease. In the case of spinal meningitis and tuberculosis, this presumption is made conclusive, and in the other cases rebuttable, but only "by *clear and convincing evidence*". (The above apparently arbitrary date—July 2, 1921—is the date upon which the President approved a joint resolution of the Congress declaring that the state of war which was declared on April 6, 1917, was "at an end".)

Medical opinion of repute is authority for the statement that much of the money being paid to veterans supposedly disabled by service in the war is *in fact* being paid to men not suffering from war-incurred disability. The Committee on Public Health Relations of the New York Academy of Medicine stated in a report issued on May 16, 1932:

"It is important to emphasize the fact that in many instances, the terms 'disability' and 'disabled veteran' are being applied to ex-soldiers who are now well and who are engaged in their normal civilian occupations. The compensation which they receive monthly from the Government is a gift, continued during their lives, and having no relationship to their needs or to the fact that their earning power remains unimpaired. There are many veterans who are receiving compensation for 10% or 30% disability, or even for total disability, although they are engaged in their normal civilian occupations. Some are even employed by the Government. There is obviously no sound medical basis for the present legislation. It is so worded as to tempt the medical examiner to assume a complacent attitude or even to connive in aiding the veteran to secure compensation unfairly. Such legislation and such practices are a complete perversion of medical science."

It is believed, on the basis of sound medical judgment, that by the repeal of the presumptions referred to above—fictions which are baseless in fact and medically unsound—by the substitution of expert medical advice rather than an arbitrary Congressional decree, and by a scientific revision of the rating schedules of disabilities, not less than \$125,000,000 could be eliminated from this item in the fiscal year 1933.

(3) *Retired Pay of Emergency Officers.* This item is \$11,046,040. Under the Emergency Officers' Retirement Act passed on May 24, 1928, 6,448 emergency officers of the Army, Navy and Marine Corps, having a rating of 30% or more disability, are receiving 75% of the

Note 3: The figures for numbers in service, deaths and wounds are from the records of the Surgeon Generals of the Army and Navy. As to the Army there are some discrepancies between these records and those of The Adjutant General of the Army.

pay to which they were entitled at the time of their discharge from service. Payments to these retired officers during the fiscal year 1933 will, as aforesaid, cost \$11,046,040. The average pay received monthly by beneficiaries of this Act is \$140. General Hines, appearing before a subcommittee of the House Committee on Appropriations on February 11, 1932, estimated that the number of officers receiving pay under this Act is at least twice as great as it would be apart from the "presumptions" of soundness and service connection provided by the law. He also stated that a number of men come under the provisions of this Act "whose disability actually occurred after the date of the Armistice—namely, after November 11, 1918—but still within the official date of the war, which extends to July 2, 1921." By the repeal of these unwarranted "presumptions" and other proper changes in the law, there should be eliminated from this item about \$7,000,000 for the fiscal year 1933.

(4) *Death Compensation.* This item is \$36,284,558, to be paid to the dependents of 99,464 veterans "whose deaths occurred in or resulted from" service in the war. As stated in the Petition, "just and liberal compensation" should be paid "to the dependents of those who lost their lives in war service." The statute provides for payments to veterans who died prior to July 2, 1921, and therefore includes payments to the dependents of men who died in 1920 and 1921, perhaps from injuries and illnesses not connected with the war. It remains true that all these men lost their lives in or soon after the war, and nothing should be begrudged to the dependents of those men.

Summarizing the savings which could be made in this \$356,000,000 item of direct cash payments, if the payments were restricted to the dependents of veterans who died in war service and to veterans in fact suffering from disabilities incurred in war service *as judged by scientific medical opinion on the facts*, the following reductions could be made:

(1) On the "disability allowances" the whole thereof, viz.....	\$104,277,554
(2) On the "disability compensation", not less than	125,000,000
(3) On the "emergency officers' retirement pay" approximately.....	7,000,000
making a total of.....	\$236,277,554

(b) Indirect Benefits to Veterans.

This item is \$115,528,795 "for all salaries and expenses of the Veterans' Administration, including the expense of maintenance and operation, and medical, hospital and domiciliary services * * * rentals * * * travelling expenses; * * * funeral, burial and other expenses incidental thereto, for beneficiaries of the Veterans' Administration" accruing during the fiscal year 1933. The expenditures provided for by this item are officially considered as "indirect," as contrasted with the above referred to cash payments made directly to veterans.

(1) *Cost of Administering the System of Veterans' Benefits.* Of the total sum of \$115,528,795 for "indirect" benefits, \$60,199,270 will be required in the fiscal year 1933 for the salaries of 40,346 employees of the Veterans' Administration. Such employees include clerical and office help of all kinds, physicians, surgeons, dentists, nurses and hospital employees. An idea of the huge system of administration is afforded by the recent testimony of General Hines that 1,400,000 checks for the payment of money are sent out each month to the beneficiaries and wards of the Veterans' Administration.

It is estimated that about 95% of this charge for salaries of employees is required in order to carry out the laws creating the system of direct and indirect benefits to veterans of the World War and Spanish-American War. By the elimination of (1) the payments to or for veterans whose disabilities are not in fact connected with war service in those two wars and (2) of hospitalization, domiciliary care and medical treatment of such veterans, there is no question but that a saving of at least half of this salary item—\$30,000,000—could be effected.

(2) *Examination, Hospitalization, Domiciliary Care and Medical Treatment of Veterans of the World War and Spanish-American War.* The remainder of the \$115,528,795 item, in the amount of \$55,329,525, is principally for the hospitalization and domiciliary care of veterans, of which the vast majority are veterans of the World War. This item also includes travel expense of employees, travel expense of veterans to and from places where medical examinations are conducted to determine their degree of disability and need for hospitalization, travel expense for sending those in need of treatment to the hospitals and to return them to their homes, expense of burials, clothing supplied to veterans and fee services of medical men, not on the regular pay rolls, for miscellaneous examinations and out-patient treatment.

Free hospitalization was first made available to veterans of the World War and of all other wars by the Act of June 7, 1924, *even though the condition requiring hospital care did not arise from or have even a presumed connection with war service.* The Administrator of Veterans' Affairs was "authorized, so far as he shall find that existing Government facilities permit, to furnish hospitalization and necessary travelling expenses to veterans of any war * * * not dishonorably discharged *without regard to the nature or origin of their disabilities.*" A clause was subsequently added to this section providing: "That the pension of a veteran entitled to hospitalization under this section shall not be subject to deduction, while such veteran is hospitalized in any Government hospital for board, maintenance, or any other purpose incident to hospitalization." On July 2, 1926, the law was further liberalized by the addition of the provision that a veteran finding it necessary to travel in order to be examined by the Administration, should in the discretion of the Administrator, be allowed his travelling and other expenses and a per diem allowance of \$2.65 for the period of travelling and observation.

Under those provisions of law 76% of the total admissions to hospitals in the fiscal year 1931 were for the admission of *non-service connected* cases. The rise in the percentage of non-service connected cases is shown by the following table of veterans remaining under treatment at the close of each fiscal year beginning with 1925 and ending with the month of April, 1932:

Fiscal Year	Total Number of Cases Remaining Under Treatment	Percentage of Cases with Non-Service Connected Disabilities	Number of Cases with Non-Service Connected Disabilities
1925.....	26,610	14.43	3,839
1926.....	24,915	20.12	5,012
1927.....	25,310	29.27	7,408
1928.....	25,899	37.18	9,628
1929.....	27,487	43.01	11,823
1930.....	30,311	46.49	14,092
1931.....	34,948	54.27	18,967
1932*.....	43,211	63.90	27,610

* April 30, 1932.

The figure of 54.27% of non-service connected cases *remaining at the end* of the fiscal year 1931 does not reflect the percentage of such cases for the whole year which, as above noted, was 76%.

It is submitted that the hospitalization of veterans whose disabilities are incurred in civil life without any connection with war service is indefensible. The vast expense involved inflicts a heavy burden upon the whole people, who, in addition to carrying the cost of maintaining their local hospitals, are being forced to pay a vast sum in taxes to provide medical care for a class of citizens who have no right to any preference in this regard. Section 202(10) of the World War Veterans' Act should be immediately repealed. If not repealed, it is estimated by General Hines that the prospective increase in *non-service connected* hospital cases alone will eventually require 100,000 additional hospital beds at the peak at a cost of \$140,000,000 per year. By the repeal of this statute this prospective cost would be averted; and, by the elimination of all expenditures for non-service connected disabilities under this item, an immediate saving of not less than 70% thereof, or about \$39,000,000, could be effected in the fiscal year 1933.

(3) *Cost of Constructing and Providing Additional Hospitals and Domiciliary Facilities and Services.* The House bill would appropriate \$12,877,000 to carry out the provisions of earlier statutes which authorized appropriations "to provide additional hospital, domiciliary, and outpatient dispensary facilities" and to establish additional homes for veterans. This item is made necessary by section 202(10) of the World War Veterans' Act referred to above. Section 202(10) was enacted on June 7, 1924, at a time when the peak load of hospitalization for *actual war connected disabilities* had been passed and many vacant beds had become available in hospitals conducted by the then Veterans' Bureau. As before stated, the Act of 1924 authorized hospitalization for non-service connected disabilities up to the capacities of these vacant beds. Subsequent legislation, however, has practically made it mandatory to construct additional hospitals year by year to accommodate the increasing numbers of applicants with non-service connected illnesses, even though vacant beds are available for them in local, municipal, county and private hospitals. It follows from the fact that the peak load of hospitalization for *actual war connected disabilities* was reached in 1924, that all additional hospital construction since that time has been for *non-service connected* illnesses. The repeal of section 202(10) would carry with it the elimination of further hospital construction at a saving for the fiscal year 1933 of \$10,877,000. The repeal of two statutes approved July 3, 1930 and March 4, 1931 would make unnecessary the appropriation of \$2,000,000 additional for the erection of soldiers' homes for domiciliary care of veterans

with non-service connected disabilities. There could, therefore, be saved by the elimination of this item a total of \$12,877,000.

(4) *Military and Naval Insurance.* There was appropriated by the House bill \$117,000,000 to meet the unprovided expenses of the war-time "term insurance", the payment of which the Government has so far assumed in the total amount of \$2,133,610,889. Only \$453,528,506 of this amount was contributed by the veterans themselves. An abuse has grown up in this connection within the past few years because of two provisions in the law. One permits a veteran who allowed his insurance to lapse or who cancelled or reduced it and *afterwards* became disabled, to have his insurance restored from the date of the disability, provided he "proves" that his disability *antedated* the lapsing of his policy. The other provides that where a veteran has died before collecting the \$60 bonus paid to veterans when they were mustered out of service, his dependents are entitled to have so much of his insurance paid to them as the uncollected bonus would pay for. On March 31, 1932, there were 9,053 claims in course of litigation before the Veterans' Administration and in the courts upon these lapsed insurance policies. General Hines stated on February 11, 1932 that as a result of decisions expected to result in awards both by the Administration and the courts, an additional liability of \$159,540,000 would have to be met in the future. This estimate was based, he said, upon "extremely conservative figures".

A considerable number of these pending cases on lapsed policies are being filed by veterans and dependents of veterans whose disabilities arose after the war and have no connection with it. No possible justification can be found for reinstating lapsed war-time insurance policies of veterans whose disabilities do not appear for a number of years after the war and are *not in fact connected with the war*. By the repeal of the two sections of the law referred to, and the resultant dismissal of the thousands of claims now pending, a saving of at least \$25,000,000 would be effected in the fiscal year 1933, and much more thereafter.

Summary and Conclusion.

The National Economy League urges that the economies indicated above be immediately put into effect by appropriate changes in existing legislation. The estimated reduction of the Federal expenditures to be effected by these measures totals \$452,154,554 as follows:

Spanish-American War Pensions (reduction)	\$109,000,000
Disability Allowances to World War Veterans (elimination)	104,277,554
Disability Compensation to World War Veterans (reduction)	125,000,000
Retired Pay of World War Emergency Officers (reduction)	7,000,000
Administrative Cost (reduction)	30,000,000
Hospitalization of World War Veterans and Incidentals (reduction)	39,000,000
Construction of Additional Hospitals and Domiciliary Facilities (elimination) ..	12,877,000
Military and Naval Insurance (reduction)	25,000,000
	<hr/>
	\$452,154,554

In conclusion, we submit the following more general comments:

(1) The Federal deficit for the current fiscal year is the greatest peace-time deficit in our history,—being estimated at \$3,000,000,000 by June 30, 1932.

(2) The confidence of the people of our own and other countries, upon which rests the stability of our national finances, cannot be secured merely by a nominal "balancing of the budget" based upon the imposition of new taxes. Such confidence can only be secured by the *simultaneous* demonstration of a determined willingness to reduce Federal expenses to a major extent.

(3) On analysis, it is apparent that economies sufficient to afford such a demonstration are feasible only if major reductions are made in the expenditures for veterans, which now constitute, in the recent words of the Secretary of the Treasury, "about one-fourth of our total expenditures".

(4) These major reductions in the appropriation for veterans—amounting to \$450,000,000 in the next fiscal year—can be made with full justice to all veterans suffering in fact from war service disabilities and without impairing any essential function of the Government. The expenditure for veterans would still amount after these reductions to some \$500,000,000 annually, which would leave the pensions of the Civil War intact and would provide with full justice and liberality for the veterans of later wars and their dependents.

(5) This immediate and drastic reduction of the expenditures for veterans is required, both as the test of the willingness to effect real economy and as a condition of restoring the confidence of the people.

THE NATIONAL ECONOMY LEAGUE,

ARCHIBALD B. ROOSEVELT,
Secretary.

Exhibit A

Number of Spanish-American War Veterans (including the Philippine Insurrection and China Relief Expedition, the official figures being inseparable) and Widows of such Veterans Receiving Pensions on Account of War Connected Disabilities and Total Amounts Expended for Such Pensions to March 31, 1932.

Fiscal Year	Number of Veterans With War-Connected Disabilities on Rolls at End of Fiscal Year	Amount Paid to Veterans in Fiscal Year	Number of Pensioned Widows of Veterans Who Died of War-Connected Disabilities on Rolls at End of Fiscal Year	Amount Paid to Widows of Veterans Who Died of War-Connected Disabilities in Fiscal Year	Total Number of Pensioners	Total Amount Paid in Fiscal Year
1899.....	123	\$ 9,430	176	\$ 19,176	299	\$ 28,606
1900.....	882	\$ 156,807	873	\$176,096	1,755	\$ 332,903
1901.....	3,555	\$ 682,020	2,049	\$493,204	5,604	\$1,175,224
1902.....	6,611	\$1,175,177	2,854	\$563,267	9,465	\$1,738,444
1903.....	9,200	\$1,532,648	3,662	\$671,435	12,862	\$2,204,083
1904.....	12,440	\$2,237,024	4,389	\$869,907	16,829	\$3,106,931
1905.....	15,711	\$2,451,266	4,780	\$858,730	20,491	\$3,309,996
1906.....	17,646	\$2,603,721	4,975	\$838,434	22,621	\$3,442,155
1907.....	19,031	\$2,628,618	5,046	\$842,538	24,077	\$3,471,156
1908.....	20,548	\$2,804,848	5,117	\$849,272	25,665	\$3,654,120
1909.....	21,967	\$2,970,800	5,128	\$849,368	27,095	\$3,820,168
1910.....	22,783	\$2,970,601	5,106	\$837,317	27,889	\$3,807,918
1911.....	23,483	\$3,110,899	5,107	\$840,350	28,590	\$3,951,249
1912.....	23,841	\$3,130,990	5,009	\$840,094	28,850	\$3,971,084
1913.....	24,157	\$3,240,844	4,855	\$830,323	29,012	\$4,071,167
1914.....	24,250	\$3,132,372	4,660	\$775,136	28,910	\$3,907,508
1915.....	24,370	\$3,105,806	4,542	\$745,893	28,912	\$3,851,699
1916.....	24,101	\$3,076,733	4,371	\$723,491	28,472	\$3,800,224
1917.....	24,060	\$3,087,058	4,215	\$696,621	28,275	\$3,783,679
1918.....	23,538	\$3,044,661	3,975	\$760,467	27,513	\$3,805,128
1919.....	23,382	\$3,008,785	3,804	\$794,757	27,186	\$3,803,542
1920.....	23,144	\$3,023,118	3,610	\$780,297	26,754	\$3,803,415
1921.....	19,370	\$2,942,195	3,471	\$732,634	22,841	\$3,674,829
1922.....	14,445	\$2,385,925	3,283	\$717,574	17,728	\$3,103,499
1923.....	11,519	\$2,120,319	3,095	\$882,990	14,614	\$3,003,309
1924.....	9,389	\$1,747,003	2,952	\$855,208	12,341	\$2,602,211
1925.....	7,989	\$1,512,340	2,850	\$808,213	10,839	\$2,320,553
1926.....	6,111	\$1,408,315	1,760	\$773,748	7,871	\$2,182,063
1927.....	2,996	\$1,030,914	1,672	\$477,642	4,668	\$1,508,556
1928.....	1,821	\$ 595,861	1,587	\$431,311	3,408	\$1,027,172
1929.....	1,430	\$ 515,150	1,520	\$409,670	2,950	\$ 924,820
1930.....	1,155	\$ 442,154	1,410	\$379,081	2,565	\$ 821,235
1931.....	869	\$ 392,896	1,409	\$385,669	2,278	\$ 778,565
1932*.....	688	\$ 253,042	1,346	\$282,570	2,034	\$ 535,612

* Figures at end of first nine months of fiscal year 1932,—March 31, 1932.

Exhibit B

Number of Spanish-American War Veterans (including the Philippine Insurrection and China Relief Expedition, the official figures being inseparable) receiving pensions on account of age or for disabilities arising from any source; number of widows of Spanish-American War Veterans receiving pensions solely on account of widowhood; and amounts expended for these classes of pensions from the date of enactment of laws authorizing such pensions to March 31, 1932.

[The following figures are in addition to those in Exhibit "A".]

Fiscal Year	Number of Veterans on Pension Rolls at End of Fiscal Year	Amount Paid to Veterans in Fiscal Year	Number of Widows on Rolls at End of Fiscal Year	Amount Disbursed to Widows in Fiscal Year	Total Number of Pensioners	Total Amount Paid in Fiscal Year
1919.....	.....	.....	1,065	\$ 74,645	1,065	\$ 74,645
1920.....	.....	.....	3,678	\$ 820,679	3,678	\$ 820,679
1921.....	11,696	\$ 1,482,201	4,745	\$ 1,014,537	16,441	\$ 2,496,738
1922.....	31,510	\$ 7,312,255	5,915	\$ 1,223,584	37,425	\$ 8,535,839
1923.....	53,951	\$11,329,867	10,072	\$ 2,920,954	64,023	\$ 14,250,821
1924.....	75,649	\$14,371,292	13,152	\$ 4,166,358	88,801	\$ 18,537,650
1925.....	93,713	\$18,188,007	15,513	\$ 4,561,411	109,226	\$ 22,749,418
1926.....	116,071	\$22,779,326	19,051	\$ 5,216,355	135,122	\$ 27,995,681
1927.....	135,816	\$46,581,895	21,875	\$ 9,038,763	157,691	\$ 55,620,658
1928.....	162,887	\$59,312,236	24,608	\$10,184,385	187,495	\$ 69,496,621
1929.....	177,374	\$64,777,467	27,123	\$10,974,209	204,497	\$ 75,751,676
1930.....	185,207	\$70,737,229	29,509	\$12,002,567	214,716	\$ 82,739,796
1931.....	192,417	\$88,359,789	32,028	\$12,873,008	224,445	\$101,232,797
1932*.....	195,944	\$73,490,301	34,948	\$ 9,519,152	230,892	\$ 83,009,453

* Includes only first nine months of fiscal year 1932. Estimated total expenditure for 12 months (all Spanish War, Philippine Insurrection and China Relief Expedition pensions) \$112,010,112.

APPENDIX

A PETITION

For a Redress of Grievances to the President and the Congress of the United States.

In the exercise of the right of the people secured by the First Amendment of the Constitution "peaceably to assemble and to petition the Government for a redress of grievances", we, the undersigned, present this petition for the abatement of the vast legalized abuse whereby great and increasing amounts of the money of the people are being disbursed to veterans who suffered no disability in war service,—thus creating a specially privileged and favored class and undermining the confidence of the people in their Government.

We petition for the elimination of all expenditures for veterans of the World War who did not in fact suffer disability in war service. We petition for a return to the sound policy in which the World War veterans' legislation was first conceived,—just and liberal compensation to the dependents of those who lost their lives in war service and to the veterans who in fact suffered some disability in the war. We petition for the repeal of the later statutes which permit payments for veterans of the World War who, without suffering any physical detriment to themselves, did no more than perform their duty as citizens. We petition for the repeal of the provisions of the Spanish-American pension statutes which permit payments to veterans for disabilities not connected with service in that war. We petition for the reduction of the Federal expenditures by not less than \$450,000,000 annually which these reforms would effect.

We make it plain that we are not now speaking of the so-called "bonus" to which we are opposed, but we are speaking of a drastic reduction of the growing *annual* expenditures in the Federal Budget for veterans of the World War and Spanish-American War.

We submit for your immediate and serious consideration these facts:

The deficit of the Federal Government for the first ten months of the present fiscal year is \$2,334,105,142 and will exceed \$2,500,000,000 by June 30, 1932.

Notwithstanding this enormous deficit, the House of Representatives, virtually without debate, passed a bill on April 9, 1932, appropriating \$928,387,795 for veterans to be expended in the year beginning July 1, 1932. In the words of the Secretary of the Treasury on April 27, 1932: "We are spending annually about a billion dollars, or about one-fourth of our total expenditures, for the benefit of our veterans."

The people are entitled to know and are beginning to learn how this immense sum for veterans is being disbursed. A few of the main items of the \$928,000,000 appropriation are these:

"Military and Naval Compensation"

(a) Compensation for death during war service, which is being paid to the dependents of approximately 97,500 veterans "whose deaths occurred in, or resulted from, service in the World War", at the annual rate of.....	\$ 36,284,558
(b) Compensation for disabilities "incurred in, resulting from, or aggravated by military service during the World War", which is being paid to approximately 318,000 veterans, at the annual rate of.....	\$204,641,848
(c) Retired pay of emergency officers "who incurred physical disabilities in line of duty during the World War", which is being paid to approximately 6,900 former officers, at the annual rate of.....	\$ 11,046,040
(d) Disability allowances "to veterans of the World War for disabilities resulting from <i>other</i> than military and naval service", which is being paid to approximately 327,000 veterans, at the annual rate of.....	\$104,277,554
A total of.....	\$356,250,000

"Administration, medical, hospital and domiciliary services"

Under this classification is appropriated \$60,199,270 for the "salaries and expenses" of 40,346 employees, including clerks, doctors, nurses, etc., engaged in the administration of the system. The remainder is mainly for hospital and medical expenses, making a total for this item of.....

\$115,528,795

"Military and Naval Insurance"

This item represents the war-time "term insurance", the expense of which was *not* covered by the monthly payments of the soldiers during the war, as distinguished from the "Government life insurance", which is self-sustaining from premium receipts.....

\$117,000,000

"Adjusted service certificate fund"

This item is for funds "to meet the demands for loans upon the adjusted service certificates" commonly known as the "bonus".....

\$100,000,000

The total of the above and other items for veterans of the World War is approximately \$690,000,000, to which may be added the amount of such deficiency appropriations as may be required before June 30, 1933. In addition, there is appropriated by the House Bill the sum of \$225,850,000 for the regular pensions for the veterans of all earlier wars, of which amount \$116,393,447 is for pensions of veterans of the Spanish-American War.

The proportion of the total amount expended for World War veterans which is being disbursed for those who suffered no disability in war service is year by year increasing. While the original World War legislation restricted relief to cases of death or disability actually suffered in the war that principle was soon departed from. This was accomplished in two ways:

First, through a series of legal "presumptions" whereby disabilities arising up to January 1, 1925 are "presumed" to have arisen out of war service; and in this way, *for the purposes of veterans' relief*, the war period has been extended for six years beyond its actual termination. *Second*, by the law of July 3, 1930, pensions under the name of "disability allowances" are paid to veterans for disabilities wholly unconnected with the war period, even as artificially extended by law.

It is estimated that of all hospital care and treatment for World War veterans over fifty per cent. is already for veterans whose disabilities are not connected with war service. Furthermore as of March 31, 1932 the Veterans' Administration had paid cash disability "allowances" for non-service connected disabilities to 367,666 veterans of the World War; and it is estimated that by June 30, 1933, 561,000 World War veterans will be receiving disability allowances for non-service connected disabilities, a prospective increase of 193,334 or fifty-two per cent. in fifteen months.

Thus there has insidiously grown up by legislative enactment—so gradually as not to be realized by the people at large—a system of war benefits for men who suffered no physical injury in war service already running into the hundreds of millions of dollars,—a burden which will rapidly increase from year to year unless the present laws are repealed.

As testified by the Administrator of Veterans' Affairs before the Ways and Means Committee of the House of Representatives on April 26, 1932, the total amount expended by the Federal Government for veterans of the World War is already "about \$6,000,000,000" and if continued "at the present rate without changes in law the Government will have spent \$21,500,000,000 in 1945", a sum equal to the cost of the war itself,—in addition to which State benefits to veterans of the World War have already amounted to \$519,791,000.

The above recitals comprise a few—but a few only—of the facts demonstrating that an immense and growing legalized abuse has been fastened upon the people, which has reached a point which is beyond toleration and demands immediate abatement.

Your petitioners represent that the failure of the responsible officials of the Government to meet this issue is a chief cause of the prevailing lack of confidence of the people in the present conduct of their Federal Government. On April 27, 1932, the President referred to the "dominant national necessity" of reducing the expenditure of government. The Secretary of the Treasury recently appealed for a "restoration of national confidence" as a prime condition of staying the depression under which the people suffer. He too spoke in general terms of the necessity of "drastic economies". And yet, in the face of the admitted crisis, no clear and determined word has come from the President or the Secretary of the Treasury or from the leaders of the Congress calling for any sufficient reduction in the one great item of the Federal Budget where hundreds of millions of dollars can be saved without injustice and without impairing any essential function of the Government.

The recently proposed Economy Bill contained provisions modifying a few of the most shocking anomalies of the veterans' system, with a possible saving of about five per cent. of the total veterans' appropriation. Even this feeble and relatively inconsequential effort was slashed to pieces by the House of Representatives on May 3, 1932 by a vote of 211 to 119. Almost simultaneously on May 2, 1932 the House of Representatives, virtually without debate, passed a new bill to include the widows and children of deceased World War veterans who died "of a disability *not* acquired in the service". This legislation, if adopted, is estimated to increase still further the burden of veterans' relief by an average of \$20,000,000 during the next five years and more thereafter. By these actions the House of Representatives again demonstrated its willingness to trifle with the national credit. We submit that until our public servants are ready to face this issue, the confidence of the people will neither be obtained nor deserved.

Let no one assert that these petitioners desire to deprive any man who has served his country in military service of his just due. We advocate not merely just but liberal treatment of the dependents of all who lost their lives in war service and for all who suffered disability in war service. What we oppose is the payment of the great sums which are being disbursed to or for those who suffered no physical detriment in the war,—a system which saps the resources of the people and creates a specially favored class receiving a great subsidy from the people at large.

We submit that this steadily mounting burden of expenditures for those who suffered no disability in the war is not only an intolerable menace to the national credit but reaches to the stability of popular government itself. Accordingly, we urgently pray that the President and the Congress will address themselves forthwith to the restoration of the national confidence by securing without delay the elimination of the appropriations for those veterans whose disabilities were not in fact incurred in service.

Your petitioners make these representations with respect but with the firm resolve that this vast legalized abuse must be abated and that this grievance of the people must be redressed.

May 4, 1932.

[Signatures]

308
N
Box 370

MSH 28950

**END OF
TITLE**